

## WHAT'S NEW?

## PIERER MOBILITY

Analyst:	mark.diethelm@vontobel.com
Bloomberg: PMAG SE	Price: CHF 54.5
Enterprise value (mns)	CHF 1,634
Market cap (mns)	CHF 1,218
Reporting Currency	EUR

**Buy** **PT: CHF 71.0**

Income Stat. (mns)	2019A	2020E	2021E	2022E
Revenues	1520	1446	1696	1881
EBITDA	241	203	253	283
EBIT	132	83.9	128	158
Net profit	54.5	27.6	47.0	61.3
Growth (%)	2019A	2020E	2021E	2022E
Revenues	-2.5	-4.9	17.3	10.9
Net profit	-19.2	-49.3	70.1	30.6
EPS (rep.)	-19.4	-50.5	70.1	30.6
Margin analysis (%)	2019A	2020E	2021E	2022E
Gross margin	29.3	28.3	28.8	29.1
EBITDA margin	15.8	14.1	14.9	15.0
EBIT margin	8.7	5.8	7.5	8.4
Balance sheet (%)	2019A	2020E	2021E	2022E
NWC/Revenues	16.9	18.7	16.1	15.1
Net debt (mns)	396	364	321	271
Equity to tot. assets	38.3	43.1	46.1	49.1
Gearing	64.0	54.2	43.3	32.3
Net debt/EBITDA	1.6	1.8	1.3	1.0
CF statement (mns)	2019A	2020E	2021E	2022E
Capex	-150	-152	-156	-154
Operating FCF	108	31.6	59.7	68.1
Inc(+)/Dec(-) in cash	71.3	-48.4	-17.3	30.9
CF analysis (%)	2019A	2020E	2021E	2022E
Op. CF margin	16.9	12.7	12.7	11.8
Capex/Revenues	9.9	10.5	9.2	8.2
Capex/Depreciation	137	127	125	124
Per-share data (CHF)	2019A	2020E	2021E	2022E
EPS (rep.)	2.68	1.33	2.26	2.95
EPS (adj.)	2.30	1.33	2.26	2.95
Net cash	-19.5	-17.5	-15.5	-13.0
Dividend	0.00	0.33	0.33	0.33
Payout ratio (%)	0.0	24.8	14.7	11.3
Valuation (X)	2019A	2020E	2021E	2022E
P/E	20.1	41.0	24.1	18.5
P/E (adj.)	23.4	41.0	24.1	18.5
P/B	3.24	3.10	2.86	2.57
EV/EBITDA	6.8	7.9	6.2	5.4
FCF yield %	9.8	2.8	5.3	6.0
Dividend yield %	0.0	0.6	0.6	0.6
Profit. ratios (%)	2019A	2020E	2021E	2022E
ROIC	9.4	5.5	8.1	9.7
ROE	17.1	7.8	12.3	14.7
ROA	6.5	3.3	5.5	6.7
BB Consensus (mns)	2019A	2020E	2021E	2022E
Revenues	1520	1434	1676	1854
EBITDA	241	198	258	293
EBIT	132	75	125	148
Net profit	50	23	47	54
EPS	2.30	1.08	2.09	2.48

## Conference call/analyst meeting

Conf call at 11am CET. Dial-in: +41 (0) 58 310 5000.

## H1 as pre-announced with further market share gains - positive outlook driven by both segments - solid FY20 FCF guide - BUY

## FACTS &amp; COMMENT:

**1H20 as pre-announced:** H1 figures were as pre-announced with a positive EBIT and a net loss of EUR 5m after minorities. FCF as expected negative with EUR -28m. The E-Bicycles segment was very dynamic with a 77% y/y sales growth (EUR 68.3m). More importantly, EBITDA in E-Bicycles was very strong with EUR 5.6m (margin 8.2%), well ahead of expectations. Motorcycle sales were down 29% y/y with an EBITDA of 57.1m (-41% y/y).

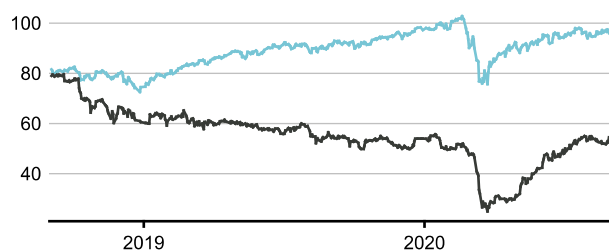
**Market share gains:** In PMAG's most relevant motorcycle markets (>120cc), its brands had growth 1.4% y/y in registrations in 1H20 compared to the total market of -7.4% y/y, resulting in market share gains by 100bps to 11.8% in Europe and by 150bps to 10.9% in North America.

**Optimistic outlook for H2:** PMAG confirmed its positive view on 2H20 with sales expected to be above EUR 800m (FY >EUR 1.4bn) with an EBIT-margin of 4-6% (VTe: 5.8%, cons.: 5.2%) and a FCF exceeding EUR 30m (VTe: EUR 31.6m). The 2H20 guide is above 2H19 and driven by a restocking effect but also by a changed consumer behavior in both segments with e-bicycles FY sales now seen above EUR 110m.

## OUR CONCLUSION:

H1 results were as pre-announced with EBIT above break-even despite a 2-month production stop and temporary shop closures in its dealer network. The changed consumer behavior has led to a boom in 2-wheelers with dealer inventories being emptied. PMAG will continue from the latter trend but also benefit from a restocking impact in 2H20. The outlook is clearly positive with a strong FCF swing expected. L-T growth prospects have further improved with 2nd growth leg (e-bicycles) being expanded. BUY

## Performance



— PIERER Mobility[PMAG.S]  
— SPI (rebased)

Source: Bloomberg, Vontobel Equity Research

## Results 1H20

EUR (mn)	Reported	VTe	Cons	YoY (%)	vs VT (%)	vs C (%)
Revenues	600	605	-	-21	1	-
- o/w powered two-wheeler	528	535	-	-30	1	-
- o/w e-bicycles	71	70	-	n.a.	-2	-
Gross profit	141	167	-	-34	-15	-
Gross margin (%)	23.5	27.6	-	-460 bp	-401 bp	-
EBITDA	64	62	-	-35	4	-
EBITDA margin (IFRS) (%)	10.7	10.2	-	-235 bp	49 bp	-
EBIT	1.7	2	-	-96.4	0	-
EBIT margin (adjusted) (%)	0.3	0.3	-	-589 bp	0 bp	-
Net profit after minorities	-5	-8	-	-132.4	-	-
Net margin (%)	-0.8	-1.3	-	-141 bp	49 bp	-

Source: Company data, Vontobel Equity Research

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PIERER Mobility[PMAG.S] was last changed from Hold to Buy on 04-10-17

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	VT Research universe No.	VT Research universe As %	Share of VT IB clients in rating category As %
Buy	33	31	33
Hold	66	63	15
Reduce	6	6	17

The table above is revised at the beginning of each quarter, i.e. it currently reflects the status as at 30 June 2020 .

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Rating	Definition
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Buy	Price target (when set) implies 10% or more upside on a 12-month horizon
Hold	Price target (when set) implies 0-10% up/downside on a 12-month horizon
Reduce	Price target (when set) implies 10% downside on a 12-month horizon
<b>SMIM</b>	
	Swiss Market Index Mid stocks
Buy	Price target (when set) implies 15% or more upside on a 12-month horizon
Hold	Price target (when set) implies 0-15% up/downside on a 12-month horizon
Reduce	Price target (when set) implies 10% downside on a 12-month horizon
<b>Other</b>	
	All other Swiss stocks
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Hold	Price target (when set) implies 0-20% up/downside on a 12-month horizon
Reduce	Price target (when set) implies 15% downside on a 12-month horizon
Restricted	Coverage is temporarily restricted (no price target)
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